

2010 Foreign and Chinese Private-Owned Companies Talent Competitiveness Survey

A Manpower Survey



Foreign and Chinese Private-Owned Companies Talent Competitiveness Survey

China's talent landscape is changing. Chinese companies are gradually gaining traction on the international stage and foreign companies are losing their appeal for Chinese workers. In future, foreign companies operating in China will face greater challenges finding the talent they need and will find it particularly difficult to retain talent at manager level where shortages are most severe. They no longer have a reputation as the highest-paying and best employers.

Human resource management of foreign companies are already feeling the effects of competition from Chinese private-owned companies as they struggle to attract talent, yet surprisingly few are responding to the challenge. In response to the escalating war for talent, foreign companies must leverage HR as a strategic partner in order to ensure the recruitment and retention of top talent over local private-owned companies. They must also offer competitive salaries and benefits, prioritise the development of management talent and localise their talent strategies to the Chinese market.

Chinese private-owned companies still face serious challenges in modernising their internal management systems. They still must invest intensively in their human capital in order to compete effectively with foreign companies for talent.

In order to gain insight into Chinese employees' job motivations and employer preferences, as well as to establish what measures organisations are taking to enhance talent competitiveness, Manpower Inc. (NYSE: MAN) surveyed 1,041 Chinese job seekers and human resource professionals from 1,143 businesses, in 2010.

The survey asked employees the following questions:

- What aspects of your current work environment do you consider most satisfactory?
- Which type of company would be your first choice when you consider your next career transition?
- What are the primary reasons for choosing this type of company?
- What motivations are more attractive from Chinese private-owned or foreign companies now compared to pre-recessionary times?

The survey asked employers the following questions:

- Has your company been impacted by increased competition for talent since the start of the global financial crisis?
- How has the impact of increased competition for talent changed compared to before the global financial crisis?
- What measures will your company adopt to attract and retain talent given the impact of increased competition for talent?

Key findings:

Chinese private-owned companies are becoming more attractive to job seekers. Compared to the results of Manpower's 2006 Survey on Employees' Sense of Belonging and Retention Rate of Chinese Companies, the number of job seekers who consider Chinese private-owned companies as their first-choice employer has risen by five percent, while the percentage of job seekers considering foreign companies as their first choice is down by ten percent since the 2006 survey.

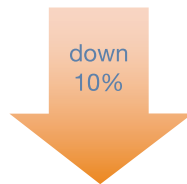
Which type of company would be your first choice when you consider your next transition?

Chinese private-owned companies



Percentage of job seekers considering Chinese private-owned companies as their first choice is up by five percent compared to 2006.

Foreign companies



Percentage of job seekers considering foreign companies as their first choice is down by 10 percent compared to 2006.

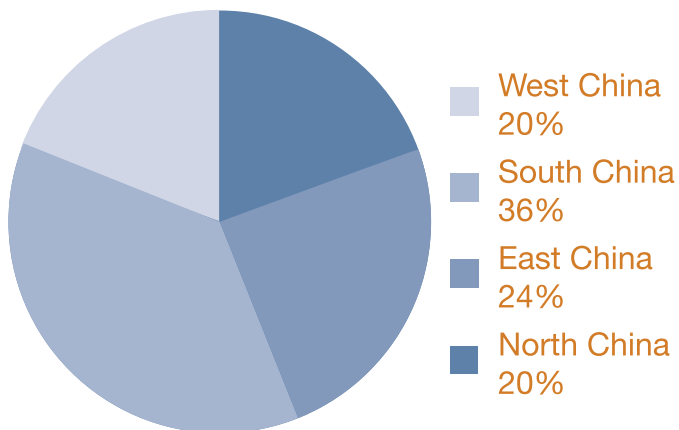
Source: Manpower China

Individuals' Employer Preferences

59% of job seekers prefer Chinese private-owned companies because of better long-term career development opportunities and 43% due to better compensation, both seven percentage points higher than those who prefer foreign companies for the same reasons.

Of all job seekers who prefer Chinese private-owned companies, 61% are at the management level.

Regional distribution of job seekers who prefer Chinese private-owned companies

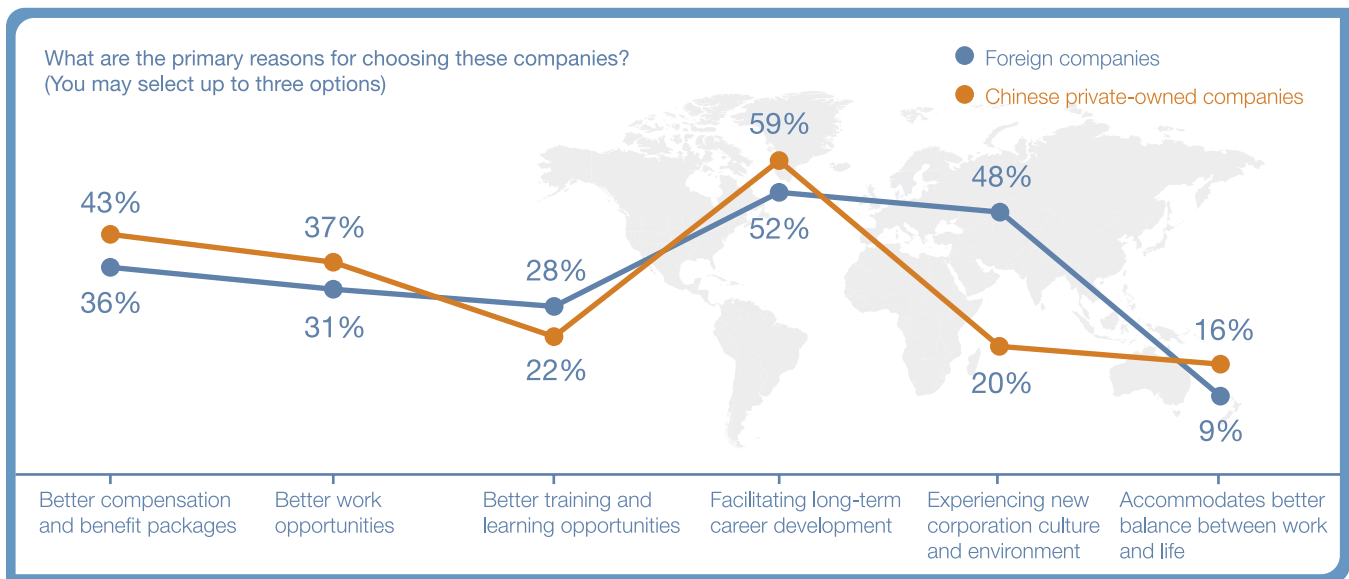


Source: Manpower China

Job Seekers Preferring Chinese Private-Owned Companies - Regional Distribution

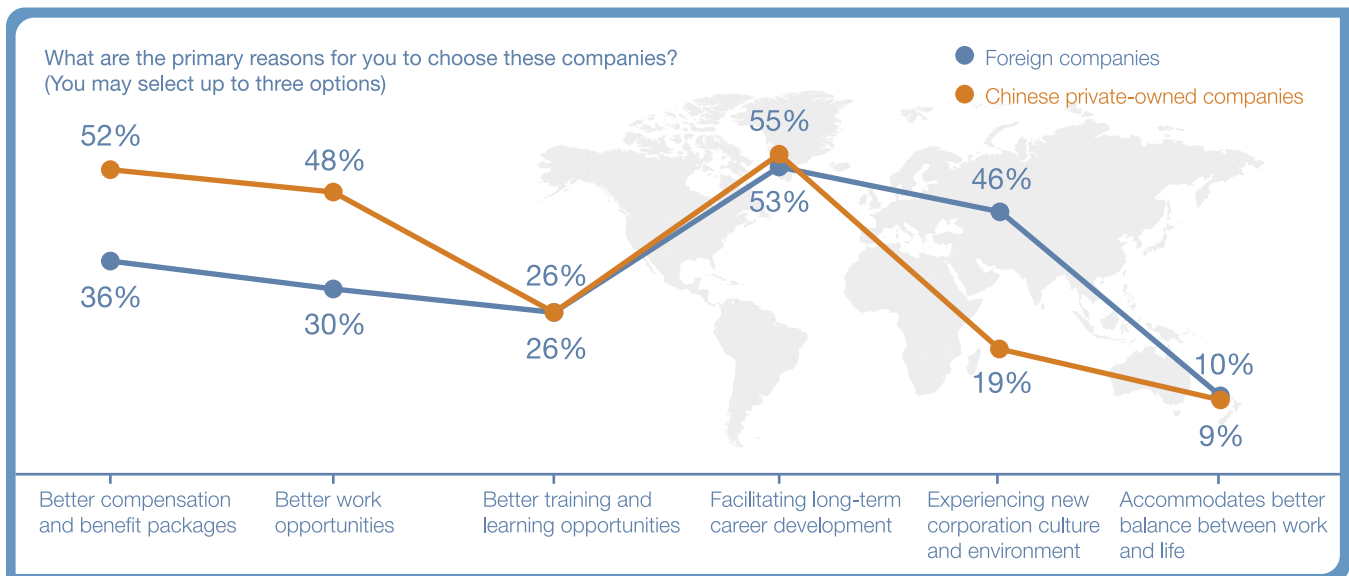
55% of this sub-set prefer Chinese private-owned companies due to better long-term career development prospects and 52% due to better compensation, two percentage points and six percentage points higher, respectively, than those who prefer foreign companies for the same reasons.

■ Primary Drivers of Company Preference



Of job seekers who prefer Chinese private-owned companies, 59% do so because of better long-term career development prospects.

■ Primary Drivers of Company Preference - Management Level

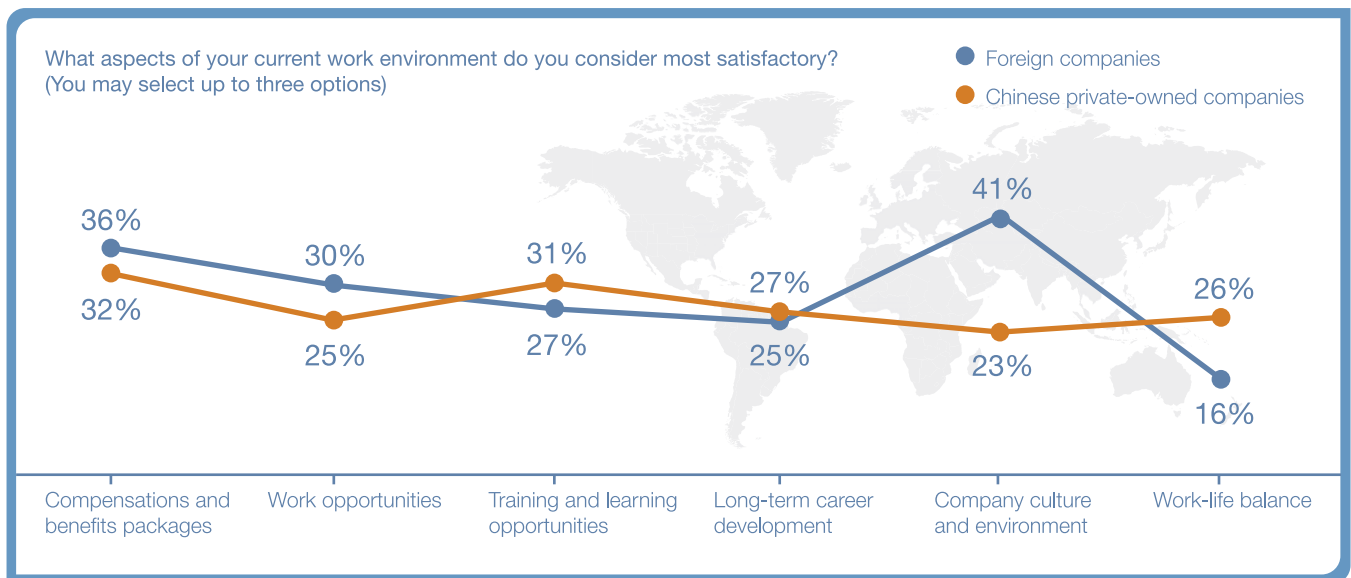


Of job seekers at management level who prefer Chinese private-owned companies, 52% do so because of better compensation and benefit packages.

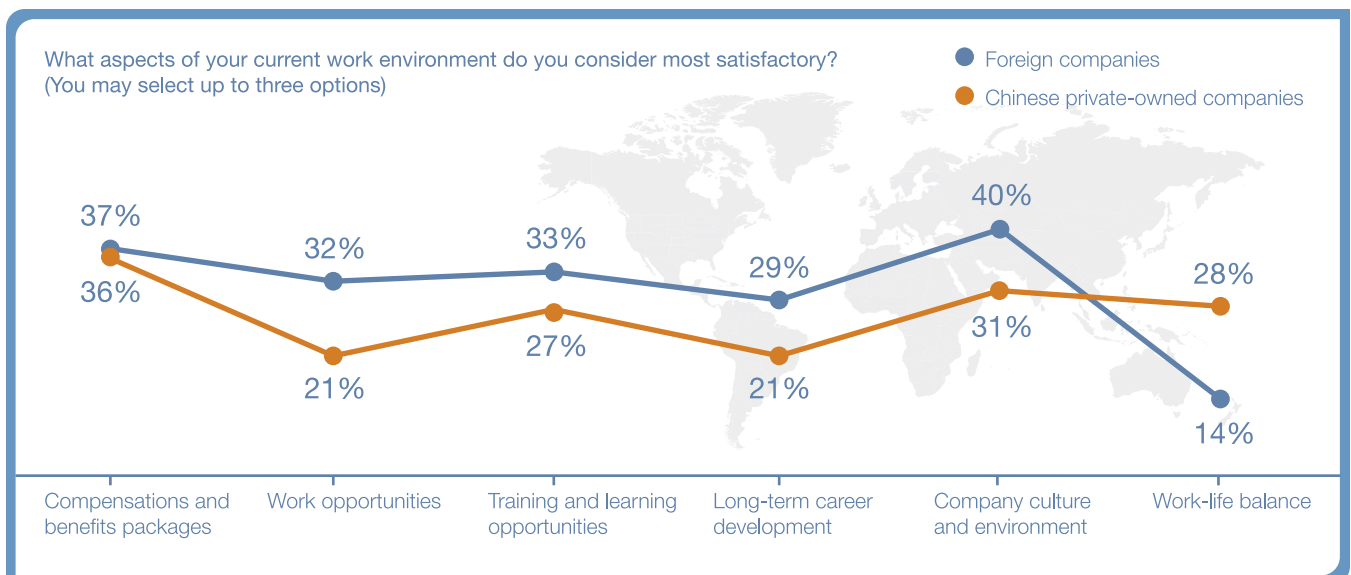
Rising job satisfaction among the employees of Chinese private-owned companies indicates that progress has been made, but challenges still exist if they are to compete effectively for talent.

With respect to employee satisfaction with training & learning opportunities and long-term career development, employees of Chinese private-owned companies are more satisfied than those who work for foreign companies by four percentage points and two percentage points respectively. The following data was broken down by region.

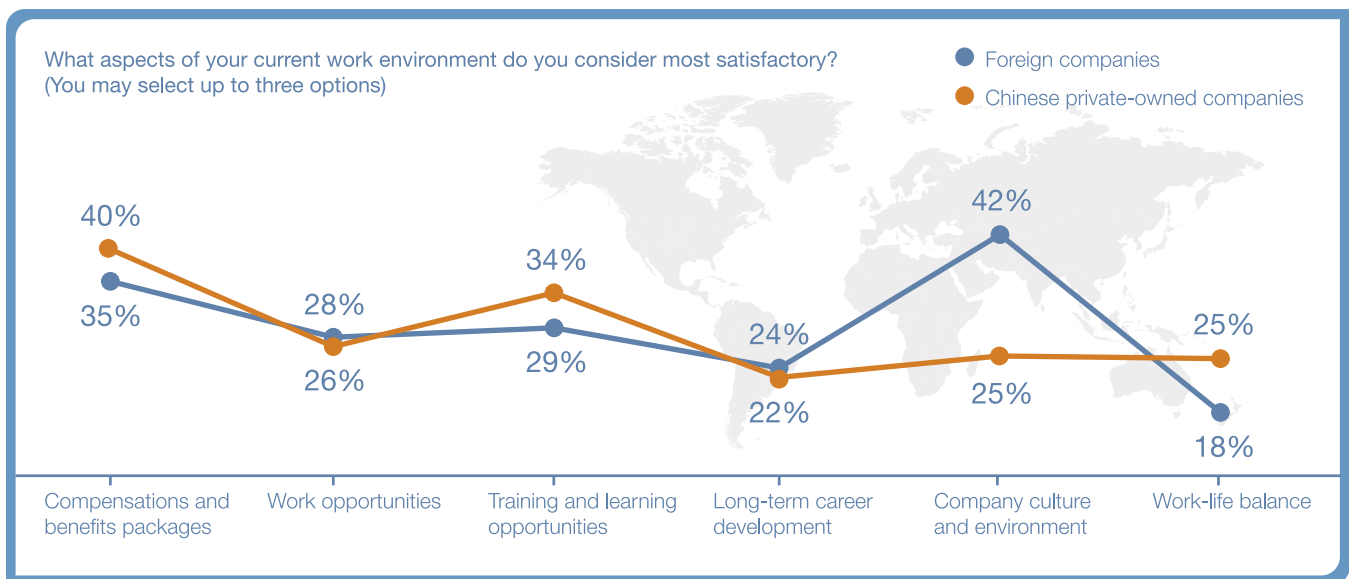
■ Employee Satisfaction - China



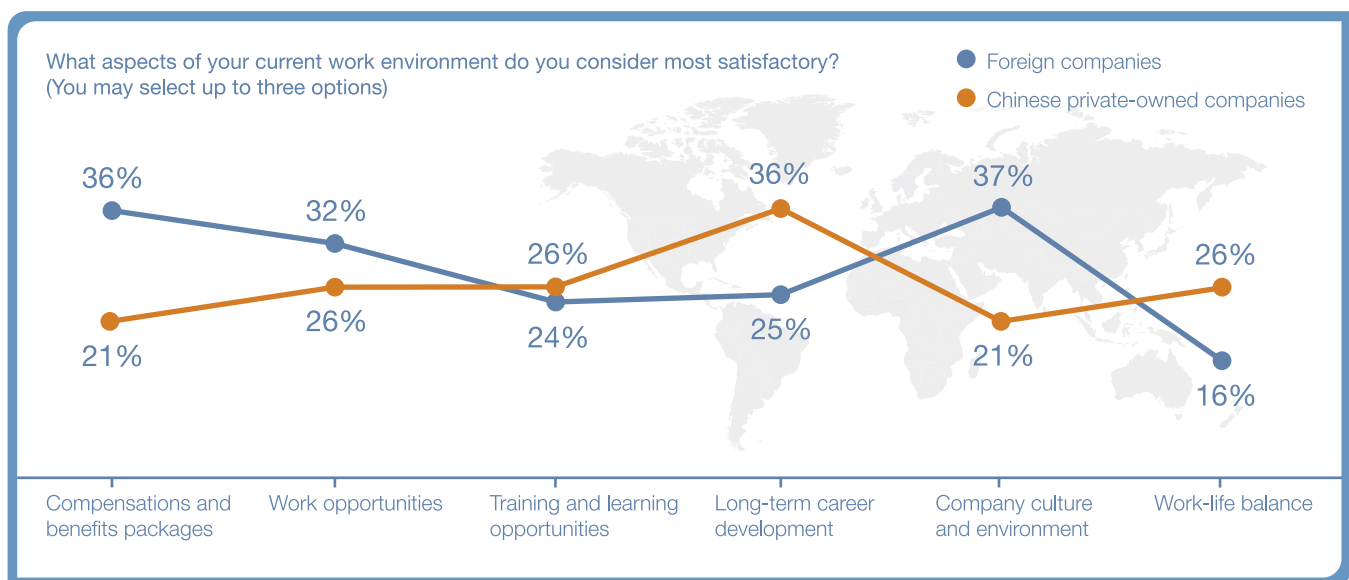
■ Employee Satisfaction - North China



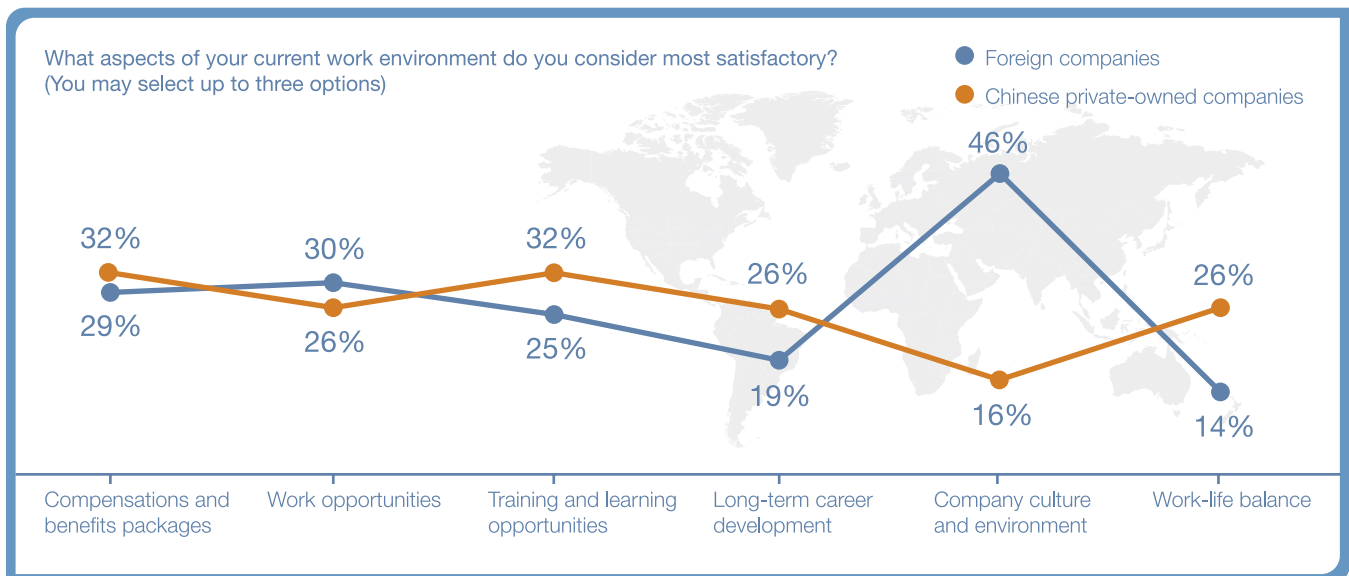
■ Employee Satisfaction - East China



■ Employee Satisfaction - South China



■ Employee Satisfaction - West China



Chinese private-owned companies have made considerable progress with respect to compensation, corporate culture & environment, and work opportunities, but still lag foreign-based companies. For example, satisfaction with the corporate culture & environment is 18 percentage points lower among employees of Chinese companies than among employees of foreign companies.

Are work incentives from Chinese private-owned companies more attractive now compared to before the global financial crisis?
(You may only select one choice)

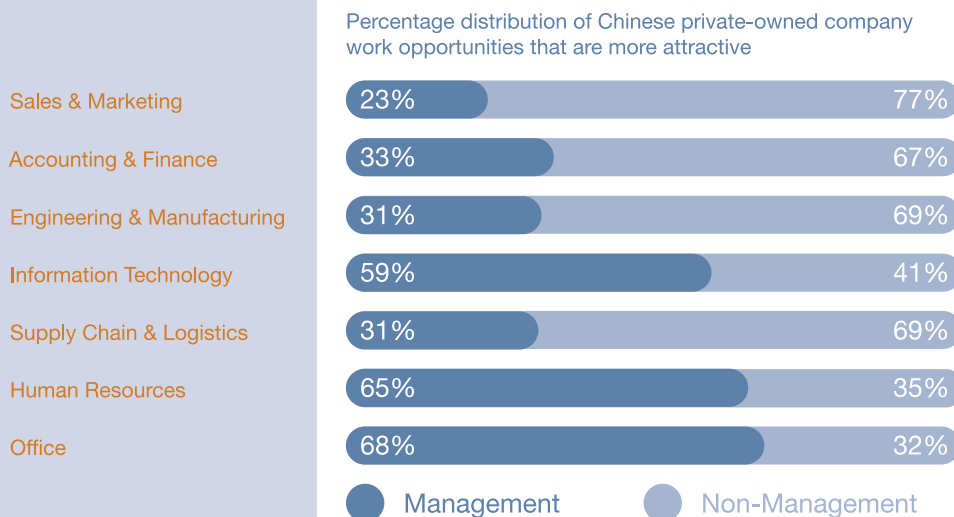


■ Appeal of Chinese Private-Owned Companies - By Professional Sectors

Since the onset of the global financial crisis, 39% and 31% of job seekers from engineering & manufacturing sectors and the supply chain & logistics sectors respectively, believe that Chinese private-owned companies have become more attractive to job seekers.

Appeal of Chinese Private-Owned Companies - Management and Non-Management

Question: Are work opportunities with Chinese private-owned companies more attractive now compared to before the global financial crisis? (You may only select one option)



Reasons job seekers are favouring foreign companies include a better corporate culture and environment, and better training and learning opportunities. Chinese private-owned companies, however, are more attractive to job seekers in terms of compensation, work opportunities and career development.

Foreign companies are feeling a stronger impact of increased competition for talent from Chinese private-owned companies now, compared to before the recession.

Impact of Increased Competition for Talent on Foreign Companies and Chinese Private Owned Companies

Has your company been impacted by increased competition for talent since the start of the global financial crisis? (You may only select one option)



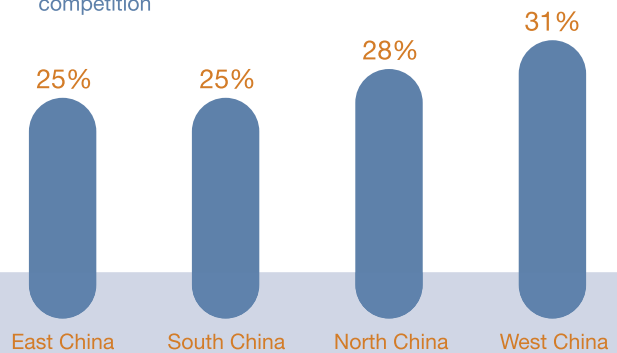
27% of foreign companies interviewed say that they have been impacted by competition from Chinese private-owned companies in terms of talent recruitment and retention. 31% of foreign companies in Western China have been impacted in this way, the highest in the country.

Impact of Increased Competition for Talent on Foreign Companies and Chinese Private Owned Companies - By Region



Has your company been impacted by increased competition for talent since the start of the global financial crisis?
(You may only select one option)

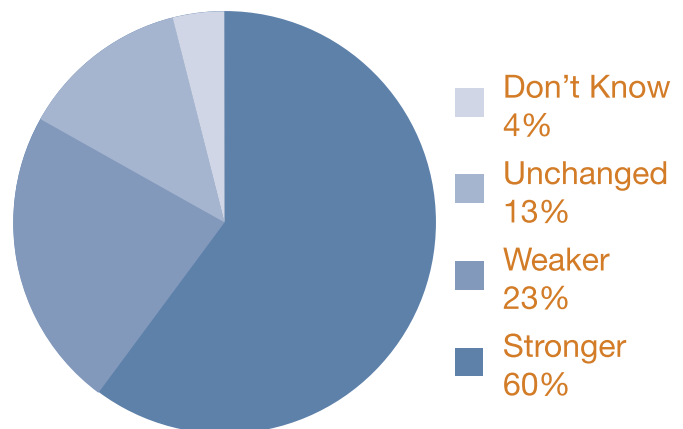
● Indicates percentage of respondents in each region who agree that their company has been impacted by increased competition



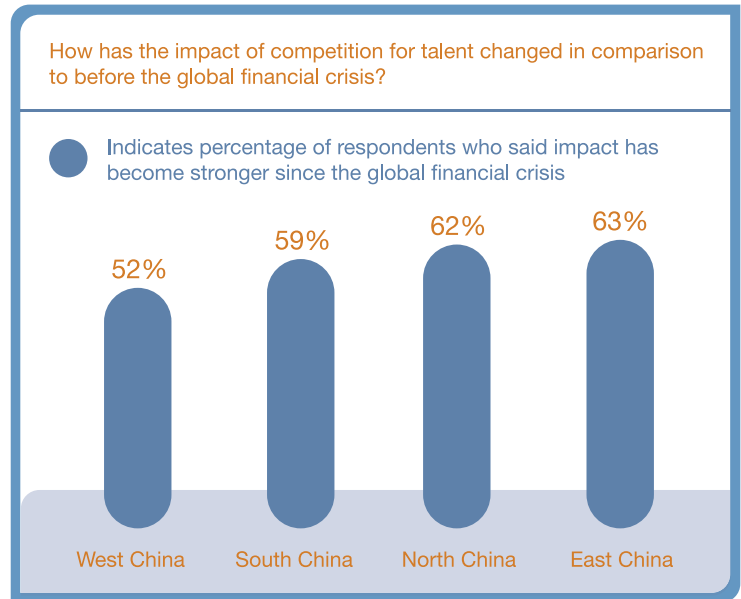
Of foreign companies that have been impacted, 60% believe that the competition is stronger than it was before the financial crisis.

Degree of Impact on Foreign Companies after the Financial Crisis

How has the impact of competition for talent changed in comparison to before the global financial crisis?

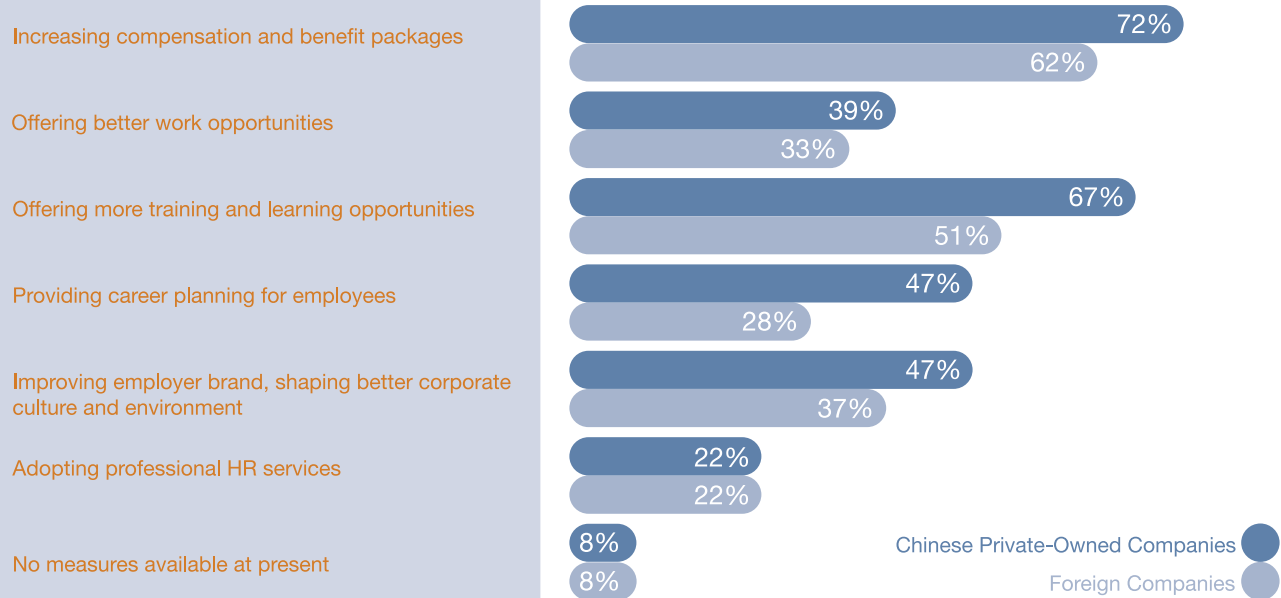


■ Degree of Impact on Foreign Companies – By Region



■ Employer Measures to Attract and Retain Talent

Question: Given the increasingly competitive environment, what measures will your company take to attract and retain talent?
(You may only select one option)



Chinese private-owned companies are making more concerted efforts than foreign companies to attract talent. The percentage of Chinese private-owned companies who are implementing various measures to attract and retain talent in response to increased competition is higher than or equal to the percentage of foreign companies taking the same steps.

Both foreign companies and Chinese private-owned companies have improved compensation and benefit packages, and are offering more training and learning opportunities in response to the increased competition for talent. However, 72% of Chinese private-owned companies have improved compensation and benefit packages, 10% more than the number of foreign companies who have done so.

Despite the complex talent attraction and retention needs in the Chinese labour market, just 22% of both Chinese private-owned and foreign companies are adopting professional HR services.

■ Response Statistics- Job Seekers

Total Samples	1041	100%
Nature of companies	Quantity	Percentage
State-owned companies	56	6%
Chinese private-owned companies	218	21%
Others	26	2%
Foreign companies	741	71%
Regions	Quantity	Percentage
North China (including Beijing)	275	26.4%
East China (including Shanghai)	343	33.0%
South China (including Guangzhou)	296	28.4%
West China	106	10.2%
Unanswered	21	2%

Specialized Skills	Quantity	Percentage
1. Office and Administration*	112	10.76%
2. Human Resources*	168	16.14%
Supply Chain and Logistics	51	4.90%
Information Technology	81	7.78%
Engineering & Manufacturing	221	21.23%
Accounting & Finance	158	15.18%
Sales & Marketing	248	23.82%
Unanswered	21	2.0%
Position	Quantity	Percentage
Non-management	474	46%
Management	565	54%
Unanswered	2	0%

* NB: One respondent counted under both categories 1 & 2.



Industry	Quantity	Percentage
Real Estate/ Architecture	49	4.7%
Service Industry	30	2.9%
Advertising/Media	26	2.5%
Accounting/Finance/Banking/Insurance	80	7.7%
Computer/Internet/Communications/Electronic	286	27.5%
Trade/Consumption/Manufacturing/Operation	347	33.3%
Energy/Raw Material	64	6.1%
Logistics/Transportation	31	3.0%
Government/Non-profit Agencies/Others	25	2.4%
Pharmaceutical/Medical	45	4.3%
Professional Service/Education/Training	37	3.6%
Unanswered	21	2.0%
Age group	Quantity	Percentage
Under 20	2	0.2%
20-30	353	34.0%
30-40	598	57.4%
Over 40	66	6.3%
Unanswered	22	2.1%

■ Response Statistics - Human Resource Professionals

Total Samples	1143	100%
Regions	Quantity	Percentage
North China (including Beijing)	305	27%
East China (including Shanghai)	435	38%
South China (including Guangzhou)	240	21%
West China	163	14%
Type of companies	Quantity	Percentage
Foreign companies	606	53%
Chinese private-owned companies	537	47%

About Manpower Inc. in China

Manpower Inc., the world leader in innovative workforce solutions, has been serving the Chinese market since 1964. Today, Manpower has more than 400 recruiters operating in 20 cities across the nation. Offering a wide array of HR services, we provide executive search and selection and business solution (Manpower Business Solutions/MBS) services through our Manpower Professional brand. Manpower Business Solutions offers our clients Recruitment Process Outsourcing (RPO), managed services and recruitment consultation. Under our Manpower brand, we provide flexible staffing, basic staffing and workforce solution services. We serve more than 3,500 clients, including local and multinational companies in mainland China, and have over 500,000 middle level to senior-level candidates in our database. Through our subsidiary, Right Management, we provide talent assessment, leadership development, organisational effectiveness, employee engagement and workforce transition services. In addition, Manpower China is partnering with the Chinese government to support the country's rapidly evolving labour market by providing professional talent assessment, career development planning, human resource consultation and international experience exchange service to governments and related organisations. In addition, David Arkless, Manpower Inc. President of Corporate and Government Affairs, was appointed Vice-President of the China International Council for the Promotion of Multinational Corporations (CICPMC) in July 2010. The CICPMC is the largest and most prominent institution in China specifically engaged in promoting and serving the businesses of multinational corporations with investment in China and safeguarding the legitimate rights of multinational corporations.

